

BroadVoice

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National report from The Netherlands

Company case study 4: Municipality4

AIAS-HSI, Faculty of Law, University of Amsterdam, Netherlands

Giedo Jansen / Frank Tros



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Municipality4

1. Company characteristics and innovation

With more than 200,000 inhabitants, Municipality4 is one of the largest municipalities in the Netherlands. In the Dutch system of local politics and governance, municipalities have a wide range of responsibilities, ranging from public order and safety to social and health policy (unemployment, youth care) to land use planning and waste management. Financially, Municipality4 primarily derives its revenue from central government contributions, which account for approximately two-thirds of its income. Additional funding mainly comes from local taxes and land development. The largest budget items, accounting for more than half of the local budget, consist of social and health policy. To serve its residents, the municipality has a sizeable organisation with approximately 2,500 employees. Organisationally, Municipality4 consists of 18 different departments, including a large “Data, Information and Technology” department consisting of approximately 250 FTEs. This department has a diverse mix of individuals with technical backgrounds (e.g. in data science, former programmers), service staff for IT workplace support, and operational employees handling essential data registrations (e.g. property valuation). Municipality4 profiles itself as an innovative city. As an example of innovative work practices, the municipality was among the first in the Netherlands to implement data-driven work practices. Another example of digital innovation is what is termed ‘omnichannel’ strategy implemented by the municipality to improve service delivery, allowing residents to contact them through various channels such as telephone, service desk, email, WhatsApp, and chatbots (interview municipality4, PA).

With respect to recent technological innovations in the field of AI, the Data, Information and Technology department of Municipality4 has set up an AI Lab, in which they examined three AI pilot cases, *“purely to look at the technology, so the relevance of the case was not always ripe enough to actually apply”* (interview Municipality4, data officer). The first two pilots were narrow in scope and aimed at improving the efficiency and accuracy of specific operational processes, such as optimising an internal ticket system, or for mail selection. The latter - for example – was designed to determine where incoming mail should be routed within the municipality. The pilot sought to evaluate if AI could provide a certain level of accuracy in this task, but practical application of this tool was found to be of limited additional benefit. The third pilot involved the implementation of Microsoft 365 aimed at exploring the wide-ranging applications of its AI tool Copilot across the entire municipality. The municipality acquired pro licences for Microsoft 365/Copilot, allowing different departments to propose their own use cases. This exploratory approach sought to understand how AI could assist with various tasks and functions. Despite the significant scalability potential, the Data officer explains that *“We received a lot of feedback indicating that it wasn't yet mature enough for our needs. What we infer from this is that we ourselves are not yet ready to implement it in that way”* (interview Municipality4, data officer). This pointed to a knowledge gap within the organisation, highlighting the need for further education and development to integrate AI successfully. Also from the perspective of HR, the primary focus with these and other digital innovations is on learning and development, such as securing financial resources for training, setting up learning programs, and choosing suitable methodologies. *“The biggest challenge is keeping your people trained and ensuring they can keep up*

with all the flexibility and changes" (interview municipality4, PA). The policy adviser give an example from the civil affairs department where some tasks are fully digitised, but also the remaining cases have become much more complex. *"What you need to do is assess people to see if they can rise to that higher level and then expect different things from them, focusing more on cognitive capacities rather than just doing capacities."* Furthermore, in Municipality4, digitisation is also one of the key priorities in strategic workforce planning. Laid down in a vision on digitisation, digital initiatives such as robotics and artificial intelligence are highlighted to improve and optimise processes, aiming to work more efficiently and better meet the needs of citizens and the organisation. The organisation recognises the importance of investing in knowledge, skills, and competencies, particularly in 21st century skills like digital literacy, robotics, and prompting. However, there is a noted need for specialised knowledge to leverage technology fully: *"Some people think, oh, this will yield a lot of efficiency. Yes, maybe in one area, but on the other hand, you see that much more is needed, for example, more people with IT specializations."* (interview Municipality4, PA). Additionally, enhancing digital security awareness among employees is believed to be crucial.

Municipality4 has developed AI architecture principles focusing on trust, transparency, and robustness, inspired by European standards. These principles include ensuring human-centric AI design (the *'human dimension'*, interview data officer), conducting risk assessments for personal data processing, restricting AI from direct communication with residents, and mandating system robustness. These guidelines were established by the internal AI Lab, driven by architects with data science expertise, also following on from personal interest of individual employees in AI (interview Municipality4, data officer). Although primarily a technology-driven initiative from the IT department, the principles were shared across the organisation to ensure broad awareness and understanding. Also the policy adviser mentions that privacy concerns and managing fake information are significant risks, along with maintaining information security (interview municipality4, PA). Also the chair of the works council raises the issue of privacy when discussing other technical innovations, such as the use of body-cams by public enforcement officers, where it has been agreed that such recordings will not be used for performance reviews (interview Municipality4 works council).

2. Workforce characteristics and labour relations

Like other Dutch municipalities, the collective labour agreement 'Dutch municipalities' (CAO *gemeenten*) applies in Municipality4. The most recent collective agreement was negotiated between on the one hand the Association of Netherlands Municipalities (VNG), the advocacy organisation and knowledge platform for all Dutch municipalities, and on the other hand the trade unions FNV and CNV and the professional association for public employees CMHF. The largest union, FNV, has nearly 300 members at Municipality4. In accordance with the collective agreement, periodic meetings between management and trade unions take place in the 'local consultation'. The role of the unions has been significantly reduced since the introduction of the 'Legal Status of Civil Servants (Standardisation) Act (WNRA, in Dutch) (interview Municipality4, PA). There is also a collaboration with the works council. Digitisation, however, is not a major topic during these meetings (interview Municipality4 works council).

The works council consists of 17 members who can spend 6 hours per week on their representatives duties. The works council has monthly meetings with the municipal secretary ('gemeentesecretaris' in Dutch), who, in Municipality4, is also general manager of the civil service organisation. These meetings typically take place in a harmonious and transparent way, exemplified by the works council chair who states that *"I also feel that that is appreciated and so those conversations are open. And if there is anything, I can also just call or send an app"* (interview Municipality4, works council). To focus its activities, the works council has defined several 'spearheads'. As well as 'social safety', 'mobility' and 'visibility and communication' 'digitisation' is also a spearhead topic for the works council (interview Municipality4 works council). The 'digitisation' spearhead involves four works council members. Regarding technological innovations, the works council plays a role in procurement processes, where they have the right of consent and when changes have major impacts on employees. The chair of the works council would urge HR to be somewhat more reflective about signals that not everyone can keep up with technological changes, stating that *"[HR] should also occasionally be allowed to take a little more advice from the works council that those signals are real"* (interview Municipality4, works council).

The works council was included in the implementation of M365 but did not organise a separate constituency consultation. A barrier to works council participation in responding to technological innovation may be the timing in the process when the works council is involved. Reflecting a broader issue, the chair of the works council remarks that *"Not just with the issue of digitisation, but also in a somewhat broader context we noticed that that indeed happened quite often that we were involved late"*. Also in receiving input from departments, *'it sometimes happens that they include you late in a process'* (interview Municipality4, works council).

3. Worker participation practices

The function of the works council, according to its chair, is to keep people on board with organisational changes. A typical consideration for the works council is whether employees are sufficiently equipped and prepared for technological innovations on the work floor (interview Municipality4, works council). The structure of the works council incorporates a system of "linking pins," which are used for maintaining effective communication and representation throughout the organisation. These linking pins are not works council members themselves, but individuals from each of the 18 departments who act as connectors between their departments and the works council. They ensure that the works council remains aware of the developments, needs and questions arising from different departments. These linking pins gather signals about what is happening in each department and discuss these signals with works council members. Individuals volunteer for the role of linking pin, based on their own interest. The works council in Municipality4 has been using this system of linking pins for a long time, and also from the management perspective *'this works really well'* (interview Municipality4, PA). An example of how these linking pins inform the works council regarding technological innovation is with the implementation of M365. To prepare employees to work with M365, online training was initially provided. On the instigation of the works council, more on-site training was provided later (interview Municipality4, works council). Also directly, with the implementation of M365, the works council received a lot of emails with questions from employees, expressing both fundamental issues (e.g.

related to privacy or data retention periods) and more practical concerns that things were not working as they should.

The aforementioned vision of Municipality4 on digitisation in strategic personnel planning was initiated by management and was formed through a series of strategic workforce planning sessions conducted across the municipality. Initial sessions involved executive directors identifying long-term priorities, including digitisation. Subsequent sessions gathered input from departmental heads and team managers. Discussions were then held at the team level, facilitated in various formats such as regular work meetings, special sessions, or team-building days (interview Municipality4, PA).

4. Future prospects

All interviewees could see the applications of AI in the municipal organisation increasing in the future. The HR and policy advisor expects that technological developments, particularly AI, will advance much faster than anticipated, based on the rapid progress seen in recent years. There are concerns about whether employees and the IT department can keep up with these changes, given that municipalities often have slow, bureaucratic structures (interview Municipality4, PA). This could be a significant dilemma for the municipality, as it affects both public services and internal work processes. Regarding the role of the works council in this context, the policy advisor emphasises the importance of an effective feedback system such as is already in place, facilitated by linking pins.

Also the works council chair already sees AI (e.g. ChatGPT) managing agendas and writing texts, and foresees that this could eventually take over tasks from the Communications Department, for example. *'I think this is really underestimated'(...) 'it could all go very fast all of a sudden '* (interview Municipality4, works council). The way in which the works council responds to technological changes might also change. *"I notice within the works council, well, there are just some people who are somewhat of the older generation who say yes, it can't be done. We just shouldn't do that and they just put their foot down. And some somewhat younger people who more easily deal with that who said yes, you also have to move with the times and you can do wrong things with all the data even now"* (interview Municipality4, works council).

The data officer pointed to the crucial need to educate employees on understanding their roles and the risks associated with their tasks, especially as increased reliance on sensors and technology puts the human-centric approach under pressure. To address this, Municipality4 has developed a data learning platform or "*data academy*" and an ethics program (interview Municipality4, data officer) aimed at making employees aware of what they are doing, the importance of cautious data collection and the necessary skills for data interpretation. This program is in its early stages and will be expanded in the coming years.

References

Quotes from 3 interviewees (checked and agreed):

- team manager policy and organisational advice (PA)
- chair of the works council (WC)
- data officer (IT)